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SUBJECT: "FAIR TRADE" EXPERIENCES RAPID GROWTH IN FRANCE,
GARNERS GOF SUPPORT

11. (SBU) Summary. Despite a slow start, the idea of "fair trade" and "fair trade" products is rapidly growing in popularity and sales in France. Although not as advanced as in the rest of Europe, awareness has increased greatly due to efforts by NGOs, the private sector, and not least, the French government. Although formerly confined to coffee, tea, and bananas, the range of "fair trade" products is expanding. Several large "fair trade" brands are sold in major supermarkets alongside regular merchandise. The French government is active in its support of "fair trade", with a government-chaired commission working to establish a French "fair trade" label, or appellation. GOF action to organize "fair trade" domestically may pave the way for a likely EU standard and possible WTO exemption status. End summary.

FAIR TRADE IN FRANCE

12. (SBU) Despite a recent surge in popularity, "fair trade" (items which seek to give primary producers - like coffee growers and banana growers - a "fair" price for their products usually by cutting out middlemen and extensive marketing) only accounts for 0.1% of European trade with underdeveloped nations. This market is even less developed in France than in the rest of Europe. French consumers devote an average of 0.64 euros per year on fair trade products, compared with average yearly spending of 2.26 euros (UK) and 14 euros (Switzerland) per consumer. Regarding products with fair trade labels as a subset of all fair trade products, French consumers spend approximately 0.2 centimes per consumer each year, lagging far behind the average of 6.75 euros spent annually by the average Swiss consumer. To promote awareness of fair trade, Max Havelaar France began a campaign in May 2002 asking 500 cities or metropolitan areas to officially support fair trade.

13. (SBU) Sales of fair trade products are now rapidly progressing in France. Despite the small proportion of fair trade sales (1% of total retail trade), the movement is accelerating. According to a February 2004 survey conducted by IPSOS for the Max Havelaar enterprise, 56% of French consumers had heard of the fair trade movement compared to 9% four years ago. Of the French consumers familiar with fair trade, one-third have bought fair trade goods--signifying that approximately 20% of the population has participated in fair trade. Accordingly, Max Havelaar France reports a rapid consummation increase in volume of fair trade products, jumping from 3900 tons to 8400 tons. Food products (especially coffee, tea, cocoa and bananas) constitute approximately 60% of fair trade purchases, with coffee sales comprising one-half of this revenue. Fair trade has expanded to include crafts and industrial goods (such as pottery, clothing/cotton and even soccer balls). Between 2003 and 2004 French spending on fair trade products nearly doubled. This rapid growth in sales seems to indicate a steeply growing demand for fair trade products making France a leader in fair trade commerce growth.

PRIVATE SECTOR ACTORS

14. (SBU) The increased sales of fair trade products in France may be attributed to their recent availability in conventional retail outlets as opposed to specialized fair trade boutiques and distributors (such as Artisans du Monde, Solidar'Monde or Andines) that operate on a smaller scale. Notably, super stores such as Leclerc, Carrefour, Monoprix, Cora and Auchan now stock fair trade products alongside their normal stock. These super stores continue to expand their fair trade product selection and anticipate steep sale increases in this area. Leclerc reported 9.2 million euros in sales of fair trade products in 2004 with a prediction of 15 million in sales for 2005.

15. (SBU) Other players in fair trade industry are the NGOs and distributors who make fair trade their primary activity. These include associations and "labeling" enterprises that not only distribute fair trade items, but also promote them through awareness campaigns. Among the principal "commerce equitable" names are Max Havelaar, Alter Eco and BioEquitable labels. Some super stores have even implemented their own fair trade certification mark. In many respects, fair trade has come to be a niche market for such enterprises.

16. (SBU) In the sphere of civil society, many associations promote fair trade. The primary French fair trade NGOs are Max Havelaar France and Plate Forme Francaise du Commerce Equitable. Max Havelaar represents the original fair trade certification program, begun in the Netherlands, but has since been exported to neighboring countries. The Plate Forme Francaise du Commerce Equitable in particular works closely with government officials to implement support programs for fair trade. At the instigation of the Plate Forme, the first two weeks of May have been designated the "Quinzaine du Commerce Equitable". This annual event began in 2001 and continues to mobilize all actors within the fair trade system to educate the public on this type of commerce.

GOVERNMENT PARTICIPATION

17. (SBU) The French government seems eager to embrace and regulate the fair trade industry. After two years of fair trade discussions by the Association Francaise de Normalisation (AFNOR), the negotiations failed to produce any consensus on key concerns among the major players in fair trade. The principal challenges facing fair trade include durability of this trend, consumer access to fair trade products and legitimacy of fair trade labels.

18. (SBU) In May 2005 National Assembly Deputy Antoine Herth submitted a report to then-Prime Minister Raffarin containing 40 propositions to support the development of fair trade in France. The report outlines a series of criteria and controls to create a unified system of fair trade regulating the current multiplicity of fair trade labels. After reception of the Herth report, former Prime Minister Raffarin charged Minister of the Public Sector and Small Business Christian Jacob with the re-creation of a national commission on fair trade. Under the auspices of AFNOR, this commission (led by the interministerial delegation for social innovation and a social economy) has undertaken the task of codifying the criteria of fair trade exchanges to serve as a general reference. Their conclusions are expected by the end of July 2005.

19. (SBU) The main objective of this commission is the creation of a French national label designating authentic fair trade goods. Such a consensus would assign the role of "fair trade referee" to the GOF; all other fair trade labels would be submitted to standard French criteria in order to obtain the national certification mark. Thus the GOF would create a national code of conduct and validation system for fair trade comparable to French AOC labels. Minister Jacob hopes to have such a system for fair trade put in place during 2006.

COMMENT

10. (SBU) Instead of waiting years for international agreement, the GOF has decided to produce a national standard for fair trade. The creation of a French norm on the subject of fair trade is viewed as a first step towards a European norm. Once such a norm is established, which could be a number of years, observers see the EU seeking a possible WTO status, allowing fair trade items to be provided "special and different treatment."

STAPLETON